

State of Alaska
Department of Revenue
Notice of Public Scoping and Request for Written Comments
Possible Updates and Revisions to Department Regulations
15 AAC 55: Oil and Gas Production Tax and Oil Surcharge

The Alaska Department of Revenue (department) is soliciting written comments for potential new regulations and amendments to existing regulations regarding the administration of the Oil and Gas Production Tax and Oil Surcharge under 15 AAC 55. As a first step in considering any proposed changes, the department would like to gather comments from the public and other interested parties through this public scoping notice and request for written comments.

The purpose of this notice is to ask the public and other interested parties for ideas and suggestions for possible changes and additions to these regulations before the department drafts specific revisions to the regulations for public review and comment. The department is not proposing any specific changes at this time. Any proposed regulatory revisions will subsequently be noticed, and made available for public review and comment in accordance with AS 44.62, the Administrative Procedures Act.

Background and Need for Regulations

Existing regulations regarding the return on investment or cost of capital for marine transportation costs at 15 AAC 55.195 and 15 AAC 55.196 are extremely complex and require in excess of 2,000 inputs. Although many of these inputs are linked the department believes that the existing model used to perform the weighted average cost of capital calculations can be simplified in order to relieve the administrative burden on both taxpayers and the state. The department further intends that the impact of any changes will be relatively neutral between the respective parties and that any new model will calculate a cost of capital allowance in a similar manner to the regulation currently in effect.

Other minor changes, such as conforming changes to recognize new or existing regulations may also be considered by the department.

Public Input

The department is asking affected members of the public and other interested parties, including the oil and gas industry, for input regarding potential changes to return on investment and the weighted average cost of capital calculations for waterborne transportation costs of oil and LNG under 15 AAC 55.195 and 15 AAC 55.196 that could make the administration of oil and gas production taxes more efficient. The department is asking for comments regarding the repeal or amendment of existing regulations and possible new regulations that protect the interests of the

public without also requiring unnecessary administrative burden on either the state or participants in the oil and gas industry.

Written comments, suggestions, questions, and other input must be received by the department no later than **4:00 p.m. on Wednesday, September 25, 2019**. Written comments, suggestions, questions, and other input may be submitted by mail to:

John Larsen
Alaska Department of Revenue
550 W. 7th Ave., Suite 500
Anchorage, AK 99501-3555

Written comments, suggestions, questions, and other input may also be submitted by email to: john.larsen@alaska.gov, or by FAX to: (907) 269-6644. For any questions regarding this scoping notice please contact John Larsen at (907) 269-8436.

The department will consider written comments submitted prior to **Wednesday, September 25, 2019** before any regulatory revisions are proposed. Any proposed regulatory revisions will be publicly noticed, and made available for public review and comment in accordance with AS 44.62, the Administrative Procedures Act. Written comments are public records and subject to inspection by the public and other interested parties.

The department reserves the right to waive technical defects in this publication. The State of Alaska, Department of Revenue, complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aides, services, or special modifications to participate in this scoping request must contact the above address, email, or the TDD number (907) 269-8411 by 4:00 pm, Monday, September 23, 2019.

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